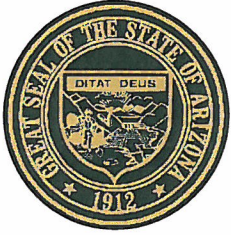
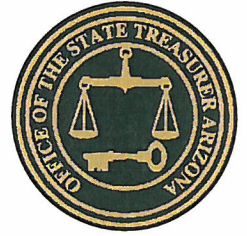


OFFICE OF THE
ARIZONA STATE TREASURER



HON. DEAN MARTIN
TREASURER



JULY 2009

Presented To:

Arizona State Board of Investment

AUGUST 26, 2009

STATE BOARD OF INVESTMENT

A G E N D A

August 26, 2009

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports
 - Earnings Distribution; Investment Pools
 - LGIP Pools Investments and Performance Reports
 - State Agency Pools Investments and Performance Reports
 - Operating Monies Invested Balances
 - Endowment Investments and Performance Reports
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and approval of Proposed/Pending Securities Dealers
7. General Business
 - A. Board of Investment Sunset Review
 - B. Securities Lending
 - C. Proposed SEC rules
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

August 26, 2009

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Endowment Investments and Performance Reports	17-33

**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on July 22, 2009 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Martin, Chair called the meeting to order at approximately 1:32 p.m.

Members Present:

Dean Martin, Chair, State Treasurer
David Raber, Arizona Department of Administration, designee for William Bell,
Director, Arizona Department of Administration
Alan E. Maguire, President, The Maguire Company
Beth Ford, Treasurer, Pima County
Felecia A. Rotellini, Superintendent, Department of Financial Institutions

Members Absent:

None

Others Present:

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, Arizona
State Treasurer's Office
Klint Tegland, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Patty Humbert, Portfolio Manager, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
John Coughlin, Intern for the Treasurers Office, attending Miami University,
Oxford, Ohio
Sheila W. Asher, Vice President Relationship Manager J. P. Morgan

Pursuant to A.R.S. 35-311, the following reports for June, 2009 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
 - State Agency Pools
 - LGIP Pools 5 & 7
 - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
 - State Agency Pools
 - LGIP Pools 5, 7, & 500
 - Shares, LGIP Pool 500
- D. Rating Summaries
 - State Agency Pools
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500
- E. Maturity Summary – LGIP
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500

Balance Report

- F. Operating Monies Invested Balances

Review of Treasurer's Monthly Reports – Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
- H. Rating Summaries – Endowments
- I. Equity Holdings – Investments Outstanding by Sector
 - S&P 500
 - S&P 400
- J. Equity Holdings by Participant

1. Call to Order:

Treasurer Martin called the July 22, 2009 BOI meeting to order at approximately 1:32 p.m.

2. Treasurers Comments:

Treasurer Martin welcomed board members and guests and thanked all present for attending the July 22, 2009 meeting.

3. *Approval of Minutes:*

Mr. Maguire made a motion to approve the minutes for the June 17, 2009 Board of Investment Meeting. Mr. Raber seconded the motion. Motion carried.

4. *Review of Treasurer's Monthly Report – Investment Pools:*

Mr. Petkiewicz presented the monthly report for the non-endowment portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distribution – Investment Pools

Mr. Petkiewicz reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of June, 2009.

State Agency Pools Portfolio Yield Analysis

Mr. Petkiewicz reported the gross yields for the State Agency Pools for the month of June, 2009.

LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis

Mr. Petkiewicz reported the gross yields and net yields for the LGIP and LGIP-Gov pools, as well as the comparisons to their relative benchmarks for the month of June, 2009.

Pool 500 Portfolio Yield Analysis

Mr. Petkiewicz reported the gross yield and net yield for the LGIP Long Term Pool and the comparison to the benchmark for the month of June, 2009.

Investments Outstanding in State Agency Pools

Mr. Petkiewicz reported the total ending par, book, market value, and unrealized gain/loss on the State Investment Pools as of June 30, 2009.

Investments Outstanding Pools 5, 7, and 500

Mr. Petkiewicz reported the ending par, book, market value, and unrealized gain/loss on the LGIP, LGIP-Gov, and LGIP Long Term pools as of June 30, 2009.

Ms. Ford asked if any information had been made available regarding the NCFE Securities and the Lehman Bonds settlements and what the potential for recovery on either of these issues was. Treasurer Martin advised that Bloomberg News reported that a recovery deal had been recently turned down, so there may be a lot more value in the Lehman bonds than is showing in the price. Mr. Swenson noted that another motion for

an extension for discovery had been filed, so the final payment of claims may be delayed.

Investments Outstanding Pool 500 Shares

Mr. Petkiewicz reported the ending par, book, market value, and unrealized gain/loss for the LGIP Long Term Pool (share balances) as of June 30, 2009.

Rating Summary for State Agencies

Mr. Petkiewicz reported on the credit ratings for the State Agency Funds for the last three months.

Rating Summary for LGIP Pool 5

Mr. Petkiewicz reported on the credit ratings for the LGIP for the last three months.

Rating Summary LGIP-Long Term Pool 500

Mr. Petkiewicz reported on the credit ratings for the LGIP Long Term Pool for the last three months.

Rating Summary LGIP-Gov Pool 7

Mr. Petkiewicz reported on the credit ratings for the LGIP-Gov Pool for the last three months.

LGIP Maturity Summary Pool 5

Mr. Petkiewicz reported the weighted average maturity (WAM) for the LGIP for the last three months.

LGIP Maturity Summary Pool 7

Mr. Petkiewicz reported the weighted average maturity (WAM) for the LGIP-Gov for the last three months.

LGIP Long Term Maturity Summary Pool 500

Mr. Petkiewicz reported the duration for the LGIP Long Term Pool for the last three months.

Operating Monies Average Invested Balance

Mr. Petkiewicz reported the Operating Monies average invested balance for the month of June, 2009.

Mr. Petkiewicz explained that "operating is another term for all of the money that the General Fund earns interest on; it is not necessarily just General Fund Money." Treasurer Martin added that "when the Legislature creates a fund, if they allow it to earn its own interest, it goes into an account that is tracked as part of the other state pools. If it doesn't earn its own interest, it gets included with the operating balance, and the general fund benefits from the interest from that fund." Mr. Raber asked "what pool numbers does this apply to?" Treasurer Martin responded that it applies to all of them.

Treasurer Martin, referring to the chart "State Operating Balance: Actual vs Adjusted for One Time Transfers" which was included with the BOI Report, noted that there was a slight improvement in the economy. He also pointed out that the June numbers are the most unusual for the year because of the end of fiscal year adjustments, so it may not be a true improvement.

5. Review of Treasurer's Monthly Report – Endowments:

Mr. White presented the endowment portion of the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of June, 2009, FY09 fiscal year to date, and FY08 fiscal year to date.

Endowment Funds Yield Analysis

Mr. White reported the book yield of the Endowment Fund Fixed Income Pool for the month of June, 2009.

Monthly Return Analysis for the Endowment Funds

Mr. White reported the total return numbers for the Endowment Funds for the month of June, 2009 and FY09 fiscal year to date, as well as the comparison to their respective benchmarks.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of June, 2009 and FY09 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of June, 2009.

Ms. Rotellini asked Mr. White to clarify his investment decisions for June. He advised

the Board that his objective was to replace some of the MBS investments that pay down each month. He added that corporate bonds had been tightening, and he was taking advantage of that as well. Mr. White also mentioned that the goal of the pool is to be competitive with the Citi Big Index.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of June, 2009.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of June 30, 2009.

Rating Summary Endowment Fixed Income Fund

Mr. White reported the credit ratings for the Endowment Funds as of June 30, 2009.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by industry sector for the S&P 500 Pool as of June 30, 2009.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by industry sector for the S&P 400 Pool as of June 30, 2009.

Equity Holdings – By Participant

Mr. White reported the equity holdings of the Endowment Funds as of June 30, 2009.

Mr. Raber questioned if the Legislature had passed the request to add another person to the Board of Investment. Treasurer Martin responded that the request for another member was not passed by the Senate.

Mr. Swenson advised that the Board of Investment is on Sunset Review this cycle.

Broker Activity Reports

Mr. White reported briefly on the broker activity reports for the quarter ending June 30, 2009.

Treasurer Martin noted Treasurer Warrant Notes are now included as an asset group in the Broker Activity Report. Mr. Maguire asked where Warrant Notes would

show up in the main part of the report. Mr. Swenson responded that they would be on page 5, under Investments Outstanding.

Approval of Treasurer's Report

Mr. Maguire made a motion to approve the Treasurer's Report as submitted. Ms. Ford seconded the motion. Motion carried.

6. Proposed Changes to Investment Policy

Treasurer Martin advised the board that there were two proposed changes to the Investment Policy, one technical which is on page 6 and one substantive which is on page 8.

The technical change is moving the assets in Pool 8 to Pool 4.

The substantive change is regarding the diversification rule. This request is in regard to a change in policy which will allow us to invest up to half of Pool 3 in Treasurer Warrant notes. Treasurer Martin noted that "The question for the board is how much concentration risk are you comfortable with for the State of Arizona?" Treasurer Martin also stated that "an alternative could be 50% or 600 million which ever is greater. That would make 600 million the target; if we go beyond that we would be able to go to an outside investment." He counseled that the Treasurer's Office will more than likely be holding more than 600 million of Warrant Notes in this fund this year and possibly will be holding them for months at a time. Ms. Ford noted that these are strictly state operating funds, Treasurer Martin agreed.

Mr. Swenson advised the board that the change will allow us to purchase the Treasurer's Warrant Notes and not be required to maintain the 5% diversification rule which is stipulated in the Investment Policy.

Mr. Raber asked "what analysis has been done to show that it is likely we will exceed 600 million in Treasurer Warrant Notes this year, and are we going to be able to secure outside financing?" Treasurer Martin responded that "the budget we are operating under now is not a balanced budget." This budget must be fixed before the banks would be willing to loan monies to us.

Ms. Ford questioned "where does the 50% limitation come from?" Treasurer Martin replied "that is where our normal liquidity would allow us to operate right now." He added "this is the most we could offer without affecting the yield of the state pools." Mr. Swenson pointed out that "the Governor can take money from Pool 3 to give to the General Fund to pay bills. That same pot of money that they are using to balance the budget is also the same pot of money that they are using to pay bills." Ms. Ford asked "where is the

General Fund Money?" Treasurer Martin responded "there is no General Fund money."

Mr. Raber stated that he was not comfortable voting on this issue today. He said that he would like to have some time to discuss this with the State Comptroller and the Budget offices. Treasurer Martin responded that we are in violation of current policy by holding any Warrant Notes.

Mr. Maguire questioned what process the bank would be using to securitize the borrowed funds. Mr. Swenson responded that the primary concern for the banks will be getting paid back, so until the budget is balanced it will be difficult for the Treasurer's Office to borrow from the banks. Mr. Maguire noted that it is a question of pure cash flow for the banks at this time, rather than a balanced budget, so the banks are not doing the correct analysis for this situation. Mr. Maguire added that a consideration might be given to converting the Warrant Notes held in Pool 3, and securitize them into a structure where they would be paid back like a tranche. He noted it would reduce the risk to the bank significantly. The bank would be paid back first, and the Treasurer's Office would be second in line.

Treasurer Martin suggested that the change to the Investment Policy state that it is within policy to have Warrant Notes in Pool 3 in excess of 5%.

Mr. Maguire pointed out that the only downside to the purchase of Warrant Notes would be a possible liquidity problem for the participants in Pool 3. He suggested that the approval of a 50% limit would be a better recommendation.

Mr. Maguire made the motion that the changes as presented on the topic of Treasurer Warrant Notes be revisited by the board in the next meeting. Ms. Rotellini seconded the motion. Motion carried.

7. Review and approval of Proposed/Pending Securities Dealers:

There were no Securities Dealers to be approved this month.

8. General Business:

There was no general business.

9. Call to the Public

There was no public comment.

Treasurer Martin advised the Board of Investment that the request for independent counsel and the request regarding the long term investment pools

*State Treasurer's Report
August 26, 2009 Meeting
Minutes of the July 22, 2009 Meeting*

have been passed by the Legislature and signed by the Governor. The cap on management fees were lowered from 12% to 6%, which is what we are charging now. Also, the Warrant Note Bill passed, which allow us to have more flexibility. We will not have to go to zero for the cash reserve before issuing Warrant Notes. This will also allow us to have more flexibility if we have to borrow funds from the bank.

Ms. Rotellini questioned how the independent counsel would be hired. Treasurer Martin responded that it would be through the RFP process.

10. Notice of Next Meeting:

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Wednesday, August 26, 2009 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

11. Adjournment:

Mr. Maguire made a motion to adjourn the BOI meeting. Mr. Raber seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 2:47 p.m.

Respectfully Submitted by:

Helen D. Garafola
Executive Consultant

Approved by:

Dean Martin, Chair

Date:

EARNINGS DISTRIBUTION - INVESTMENT POOLS
JULY 2009

State Treasurer's Report
August 26, 2009
Page 1

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	JULY 2009	Fiscal YTD 09/10	Fiscal YTD 08/09	
General Fund	\$312,643	\$312,643	\$2,197,132	
2 State Agencies I - Full Faith & Credit	4,263,531	4,263,531	2,088,927	29,784
3 State Agencies II - Diversified	4,635,422	4,635,422	4,320,987	60,020
4 State Agencies IV - Restricted Diversified	2,356,461	2,356,461	688,838	43,949
5 Local Governments	3,605,256	3,605,256	3,029,746	89,419
7 LGIP Gov't	2,747,556	2,747,556	7,586,082	139,339
12 CAWCD Medium-Term	1,328,396	1,328,396	291,476	5,800
15 GADA Long-Term	110,951	110,951	65,626	622
Subtotal	\$19,360,215	\$19,360,215	\$20,268,813	\$368,933
NAV POOL				
500 LGIP LT	182,542	182,542	193,720	3,637
Total	\$19,542,757	\$19,542,757	\$20,462,533	\$372,570

Note: Distribution for July includes one time distribution of accrued interest receivable at June 30, 2009, for all pools except LGIP LT.

LGIP & LGIP-GOV
PORTFOLIO YIELD ANALYSIS
July 31, 2009

State Treasurer's Report
August 26, 2009
Page 2

FUND	DESCRIPTION	NET EARNINGS
5	LGIP	640,858
7	LGIP - GOV	433,699
	TOTAL LGIP & LGIP-GOV	1,074,557

		05/31/09	06/30/09	07/31/09
5	LGIP MONTHLY YIELD (NET)	0.51%	0.44%	0.42%
	S & P LGIP INDEX YIELD	0.51%	0.44%	0.38%
	LGIP YTD YIELD (NET)	1.40%	1.34%	0.42%
	S & P LGIP YTD INDEX YIELD	1.48%	1.40%	0.38%
7	LGIP - GOV MONTHLY YIELD (NET)	0.20%	0.16%	0.18%
	3 MONTH T-BILL	0.16%	0.16%	0.17%
	* S & P LGIP - GOV INDEX YIELD	0.43%	0.37%	0.35%
	LGIP - GOV YTD YIELD (NET)	0.70%	0.65%	0.18%
	YTD 3 MONTH T-BILL	0.57%	0.53%	0.17%
	* S & P LGIP - GOV YTD INDEX YIELD	1.33%	1.26%	0.35%

* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government. The S&P LGIP-Gov Index consists of both securities implicitly and explicitly backed by the full faith & credit of the US Government.

**LGIP LONG TERM POOL
PORTFOLIO YIELD ANALYSIS**
July 31, 2009

State Treasurer's Report
August 26, 2009
Page 3

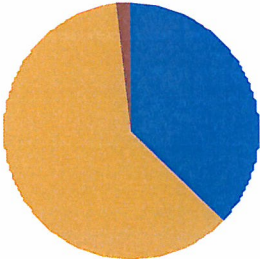
FUND	DESCRIPTION	NET EARNINGS
<hr/>		
500	LGIP LONG TERM POOL	182,542
	TOTAL LGIP LONG TERM POOL	182,542

	05/31/09	06/30/09	07/31/09
LGIP LONG TERM MONTHLY YIELD (NET)	3.25%	3.39%	3.01%
MERRILL 1-5 US D M INDEX MONTHLY YIELD	2.97%	3.08%	2.85%
LGIP LONG TERM YTD YIELD (NET)	3.71%	3.68%	3.01%
MERRILL 1-5 US D M INDEX YTD YIELD	3.63%	3.59%	2.85%

Manager Allocation - Monthly
Arizona State Treasury (05509)
As at July 2009

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,672.88	37.3%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	71.32	1.6%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	2,736.43	61.1%
TOTAL	4,480.63	100.0%

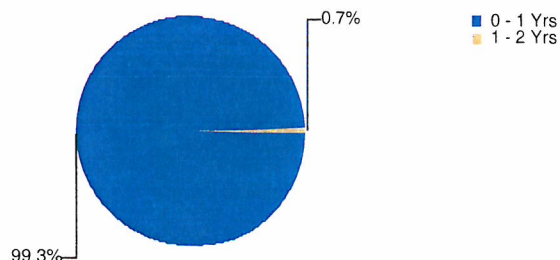
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)



Portfolio Characteristics

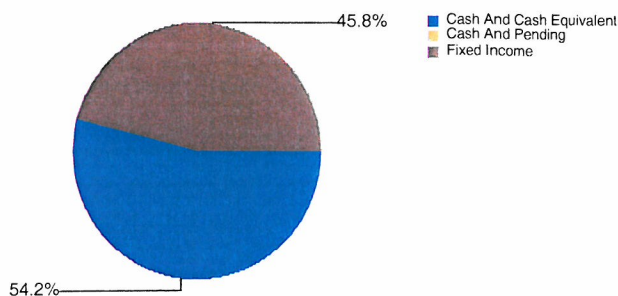
Total Net Assets (Millions) 1,672.9
Weighted Average Life (Years) 0.30
Weighted Avg. Effective Duration (Years) 0.12

Weighted Average Rating AA+
Number of Holdings 63



Asset Mix

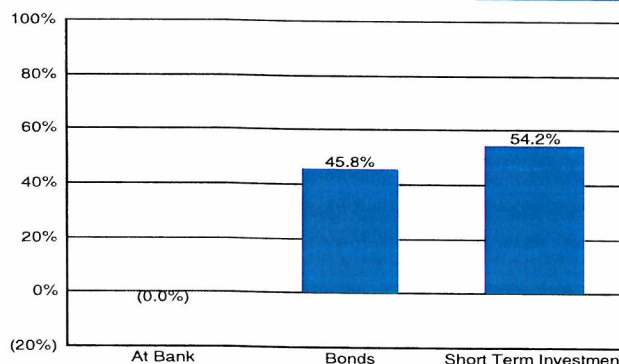
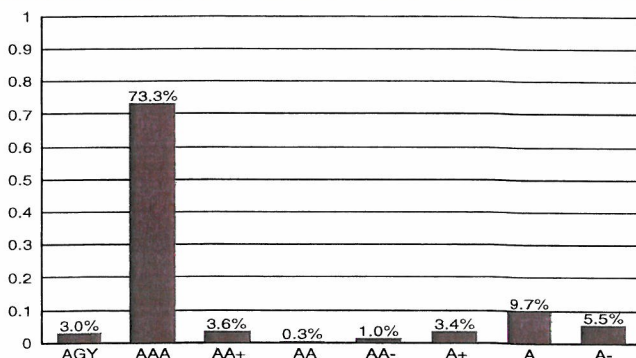
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	24.12%	5.00	1/8/2009
3133XPK52	FEDERAL HOME LOAN BANKS 2.56% BDS 04/	4.54%	2.56	4/8/2009
313589KF9	FEDERAL NATL MTG ASSN DISC NT MATURES	2.99%	0.00	10/8/2009
313589KO5	FEDERAL NATL MTG ASSN DISC NT	2.99%	0.00	19/8/2009
17314GWF2	CITIGROUP FDG IN. FDIC CORPORATE COMM	2.99%	0.00	15/9/2009
36161CWH1	GE CAPITAL CORP FDIC ZCP 17/SEP/2009	2.99%	0.00	17/9/2009
36161CXL1	GE CAPITAL CORP FDIC	2.99%	0.00	20/10/2009
3133XTL27	FEDERAL HOME LOAN BANKS CONS BD FLT 1	2.98%	0.07	29/4/2010
313385NE2	FHLB DN	2.98%	0.00	20/10/2009
313385MX1	FEDL HOME LOAN BK ZCP 13/OCT/2009	2.69%	0.00	13/10/2009

Quality/Rating Weightings

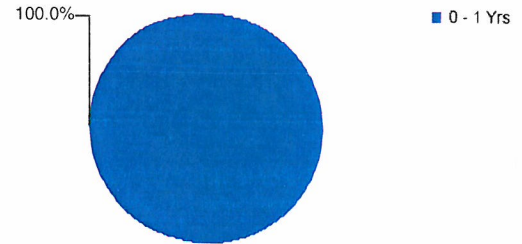
Sector Weightings (as % of Market Value)



Portfolio Characteristics

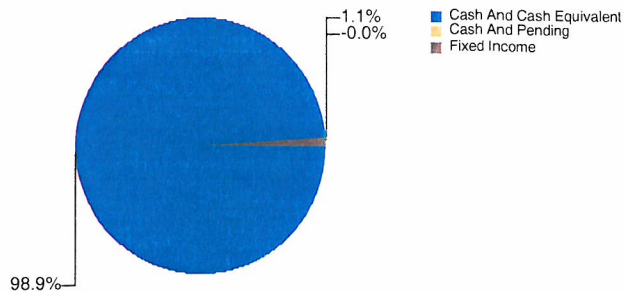
Total Net Assets (Millions) 2,736.4
Weighted Average Life (Years) 0.03
Weighted Avg. Effective Duration (Years) 0.04

Weighted Average Rating AAA
Number of Holdings 14



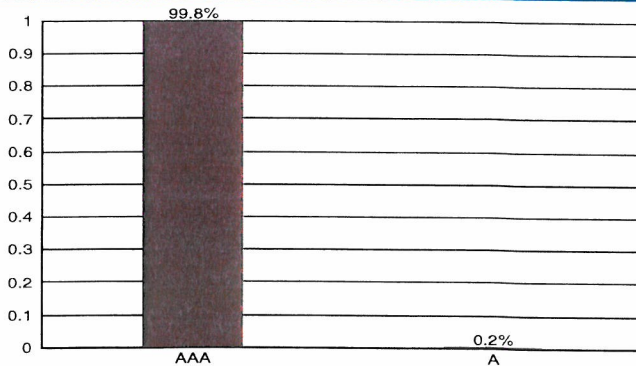
Asset Mix

Top Ten Portfolio Holdings

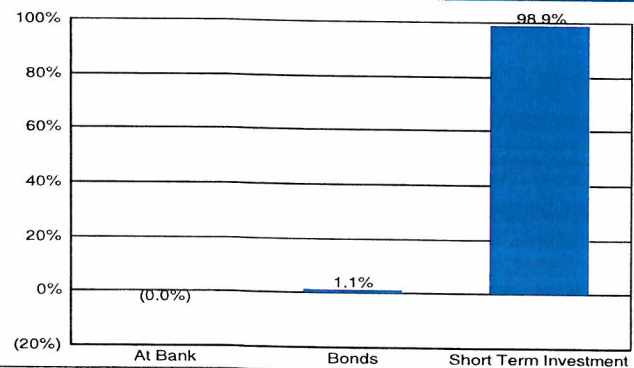


Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
17299I484	TRI-PARTY REPO CITIGROUP GLOBAL MARKE	18.27%	0.18	14/8/2009
17399C254	TRI-PARTY REPO CITIGROUP GLOBAL MARKE	18.27%	0.17	10/8/2009
60699A289	TRI-PARTY REPO MIZUHO SECURITIES 0.15	18.27%	0.15	10/8/2009
15199X460	TRI-PARTY REPO DEUTSCHE BANK 0.17% 04	18.27%	0.17	4/8/2009
892995T50	ARIZONA TREASURY REPO	17.76%	5.00	1/8/2009
912795N56	US GOVT NATIONAL ZCP 06/AUG/2009	2.74%	0.00	6/8/2009
912795R60	UNITED STATES TREAS BILLS DT	1.83%	0.00	31/12/2009
912795S69	UNITED STATES TREAS BILLS DT	1.46%	0.00	17/12/2009
912828HD5	UNITED STATES TREAS NTS 04.000% 30/SE	0.93%	4.00	30/9/2009
912795N98	UNITED STATES TREAS BILLS DT	0.91%	0.00	3/9/2009

Quality/Rating Weightings



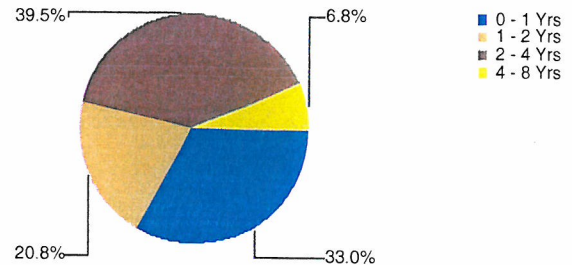
Sector Weightings (as % of Market Value)



Portfolio Characteristics

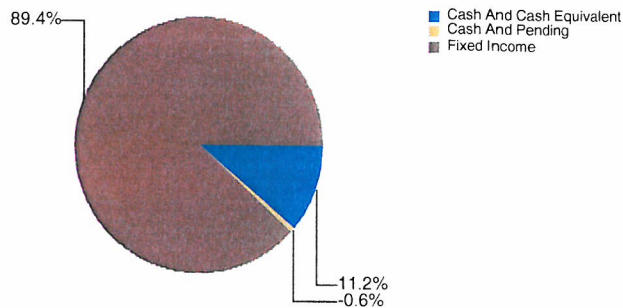
Total Net Assets (Millions) 71.3
Weighted Average Life (Years) 2.23
Weighted Avg. Effective Duration (Years) 1.90

Weighted Average Rating AA+
Number of Holdings 119



Asset Mix

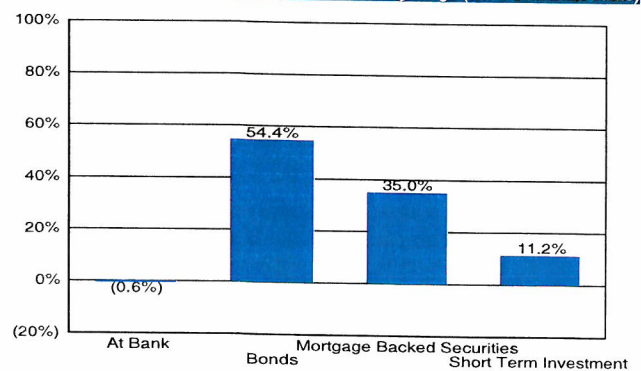
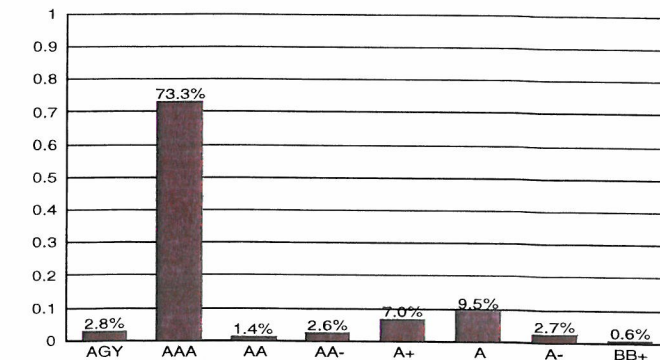
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	8.88%	4.18	31/12/2049
3128MMKJ1	FHLMCGLD MORTPASS 4.5% 01/FEB/2024 G1	2.98%	4.50	1/2/2024
31402QTN1	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.68%	4.50	1/1/2019
313385PA8	FEDL HOME LOAN BK CONS DISC NT MATURE	2.34%	0.00	9/11/2009
31371MAT4	FNMA MORTPASS 5.0% 01/APR/2015 POOL#2	2.26%	5.00	1/4/2015
31416BN38	FNMA MORTPASS 5.5% 01/NOV/2018 CI PN#	1.83%	5.50	1/11/2018
31403DHB8	FNMA MORTPASS 6% 01/MAY/2021 CI PN# 7	1.81%	6.00	1/5/2021
3128MBZR1	FHLMCGLD MORTPASS 6% 01/FEB/2019 G1 P	1.78%	6.00	1/2/2019
31413MFY8	FNMA MORTPASS 6% 01/AUG/2022 CI PN# 9	1.76%	6.00	1/8/2022
3128MBWE3	FHLMCGLD MORTPASS 5.5% 01/APR/2023 G1	1.70%	5.50	1/4/2023

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS**
July 31, 2009

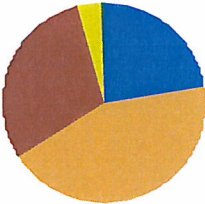
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FUND	DESCRIPTION	NET EARNINGS	NET YIELD
2	STATE AGENCIES I - FULL FAITH & CREDIT	2,016,287	4.1600%
3	STATE AGENCIES II - DIVERSIFIED	1,080,907	1.0800%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	473,482	0.6400%
12	CAWCD MEDIUM TERM	317,474	3.2700%
15	GADA	39,260	3.7900%
TOTAL STATE AGENCIES		3,927,410	

Manager Allocation - Monthly
Arizona State Treasury (05509)
As at July 2009

Pool Composite (00550904)		
Account Name	Market Value(MILL)	Percent of Portfolio
State Agencies IV - Restricted Diversified (10327200)	830.89	29.7%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	114.47	4.1%
State of Arizona - Pool 15 (GADA) (10327600)	12.20	0.4%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	620.63	22.2%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,217.80	43.6%
TOTAL	2,795.98	100.0%

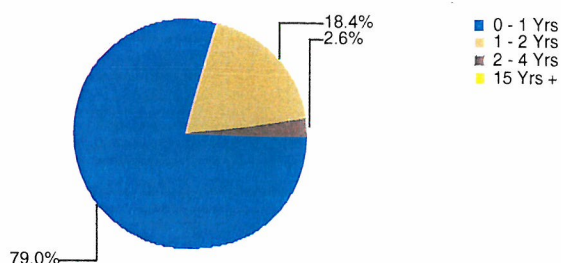
- State of Arizona - Pool 2 (State Agency - FF&C) (10327000)
- State of Arizona - Pool 3 (State Agency - Diversified) (10327100)
- State Agencies IV - Restricted Diversified (10327200)
- State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)
- State of Arizona - Pool 15 (GADA) (10327600)



Portfolio Characteristics

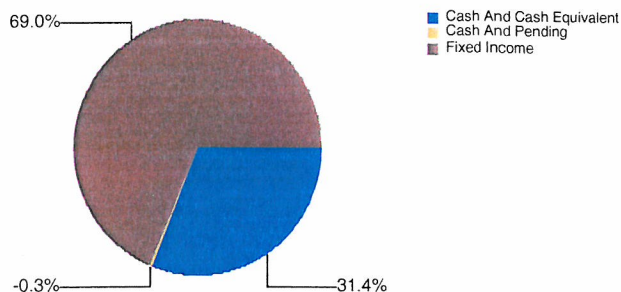
Total Net Assets (Millions) 620.6
Weighted Average Life (Years) 0.78
Weighted Avg. Effective Duration (Years) 0.43

Weighted Average Rating AAA
Number of Holdings 51



Asset Mix

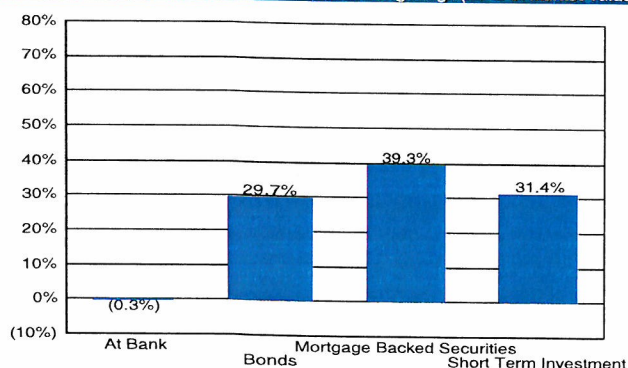
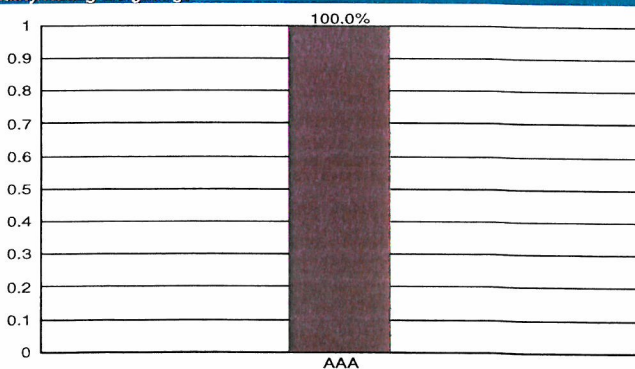
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	29.75%	5.00	1/8/2009
912820EA1	U S TREAS NT STRIPPED PRIN PMT 6.00%	4.03%	0.00	15/8/2009
912828ED8	UNITED STATES OF AMER TREAS NOTES 4.1	3.40%	4.12	15/8/2010
38374J6E1	GNMA REMIC TRUST 2004-93 PB 16/DEC/20	3.33%	5.00	16/12/2032
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	3.32%	2.75	10/12/2010
912828JA9	UNITED STATES TREAS NTS 2.625% 31/MAY	3.30%	2.62	31/5/2010
912828HB9	UNITED STATES OF AMER TREAS NOTES 4%	3.28%	4.00	31/8/2009
38373YG65	GINNIE MAE 2003-00 TC-MX 4.500% 16/MA	3.27%	4.50	16/5/2031
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER G'1	3.26%	1.62	7/1/2011
36241KM54	GNMA I MORTPASS 5% 15/APR/2021 JP PN#	3.20%	5.00	15/4/2021

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

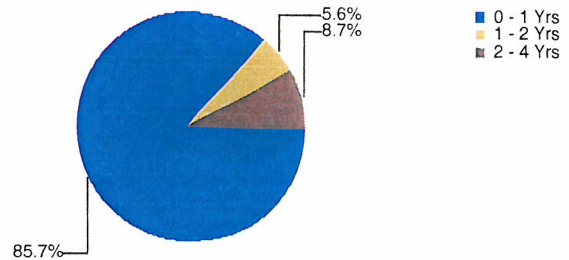


Portfolio Characteristics

Duration Mix

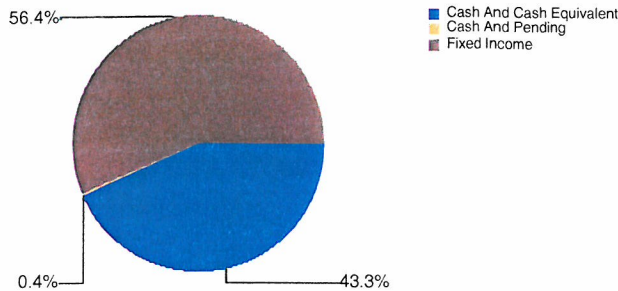
Total Net Assets (Millions) 1,217.8
Weighted Average Life (Years) 0.73
Weighted Avg. Effective Duration (Years) 0.35

Weighted Average Rating AA
Number of Holdings 61



Asset Mix

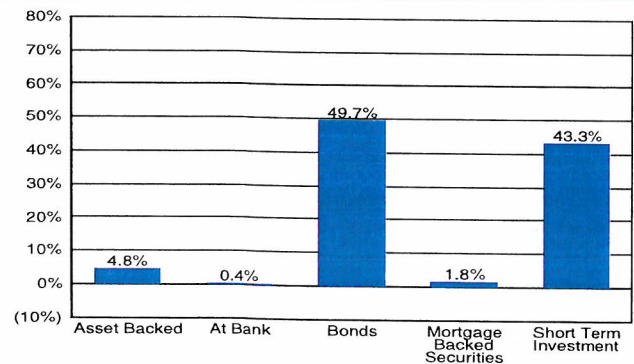
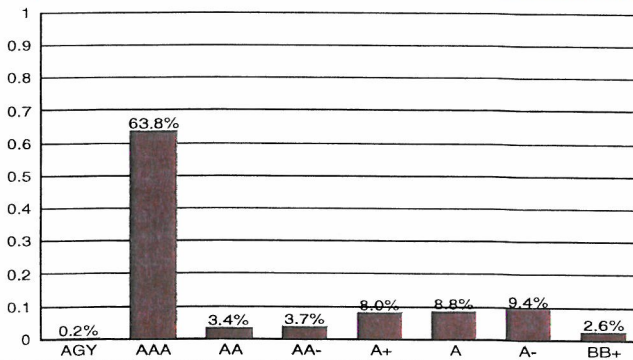
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	43.27%	5.00	1/8/2009
919050B	ARIZONA WARRANT ZCP 31/DEC/2049	5.40%	0.00	31/12/2049
172967EG2	CITIGROUP INC VAR 13/AUG/2010	4.01%	1.07	13/8/2010
36962G2H6	GENERAL ELECTRIC CAPITAL CORP FLTG RA	2.69%	0.67	12/3/2010
46623ECW7	JP MORGAN CHASE & CO VAR 07/MAY/2010	2.48%	0.51	7/5/2010
87612EAO9	TARGET CORP 5.485000 8/7/2009	2.47%	1.11	7/8/2009
59018YE72	MERRILL LYNCH & CO INC FLTG RATE NTS	1.94%	0.87	5/6/2012
88319QM26	TEXTRON FINL CORP MTN BE VR	1.83%	1.66	14/2/2011
931142CF8	WAL-MART STORES INC 5% BDS 05/APR/201	1.81%	5.00	5/4/2012
9128275N8	USA TREASURY NTS 6.00% NTS 15/AUG/200	1.69%	6.00	15/8/2009

Quality/Rating Weightings

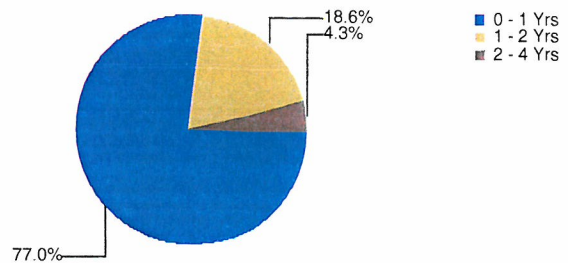
Sector Weightings (as % of Market Value)



Portfolio Characteristics

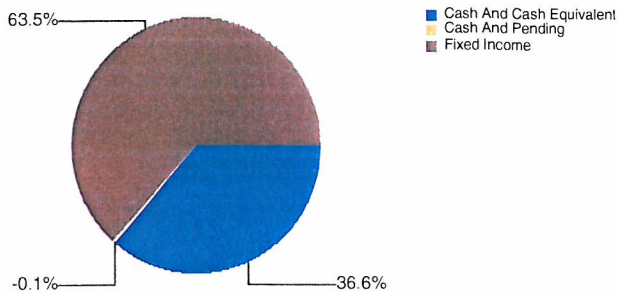
Total Net Assets (Millions) **830.9**
Weighted Average Life (Years) **1.25**
Weighted Avg. Effective Duration (Years) **0.55**

Weighted Average Rating **AAA**
Number of Holdings **61**



Asset Mix

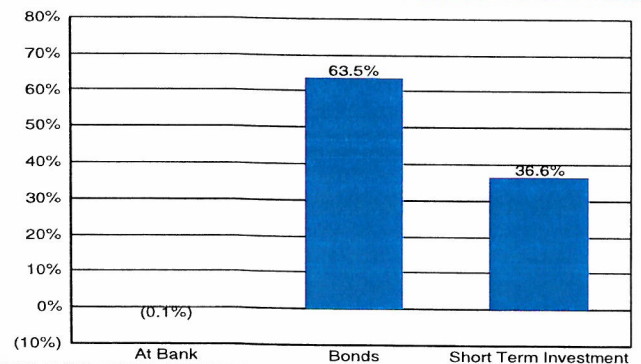
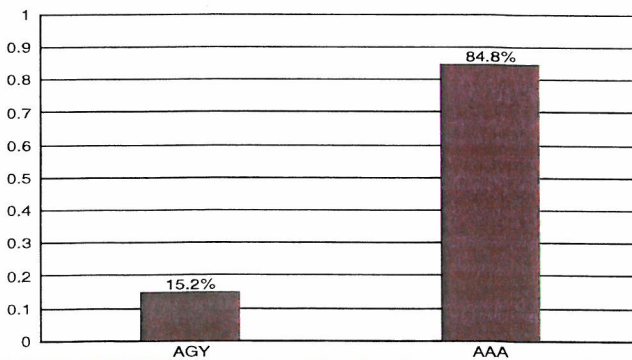
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	11.91%	5.00	1/8/2009
912795N56	US GOVT NATIONAL ZCP 06/AUG/2009	6.02%	0.00	6/8/2009
31331GEL9	FEDERAL FARM CR BKS GLOBAL CONS BD 4.	3.06%	4.40	18/11/2013
3128X8RR5	FEDERAL HOME LOAN MORTGAGE CORP 2.625	3.06%	2.62	19/3/2012
446436AB3	HUNTINGTON NATL BK FDIC TLGP GTD NT F	3.05%	1.07	1/6/2012
912820EA1	U S TREAS NT STRIPPED PRIN PMT 6.00%	3.01%	0.00	15/8/2009
9128275Z1	UNITED STATES OF AMER TREAS NOTES 6.5	2.56%	6.50	15/2/2010
3128X6NS1	FREDDIE MAC 5.05% 15/OCT/2012	2.46%	5.05	15/10/2012
31359M2S1	FEDERAL NATIONAL MORTGAGE ASSOC 4.625	2.46%	4.62	15/12/2009
3128X82R2	FHLMC 1.50% 29/JUN/2012	2.41%	1.50	29/6/2012

Quality/Rating Weightings

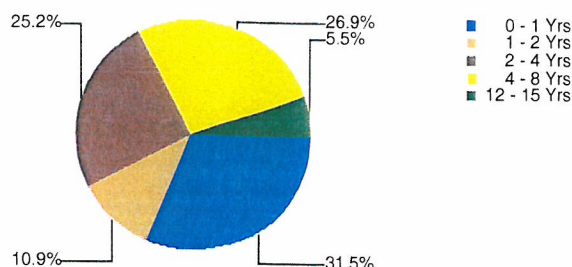
Sector Weightings (as % of Market Value)



Portfolio Characteristics

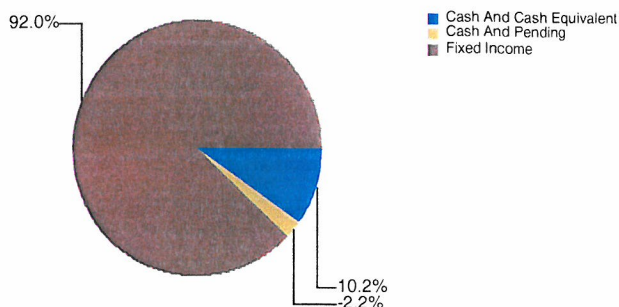
Total Net Assets (Millions) 114.5
Weighted Average Life (Years) 2.38
Weighted Avg. Effective Duration (Years) 3.29

Weighted Average Rating AA
Number of Holdings 67



Asset Mix

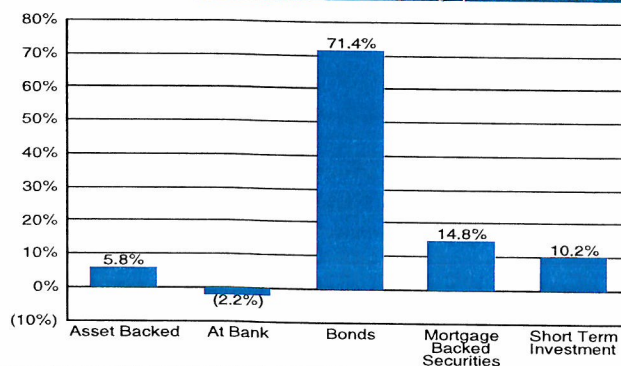
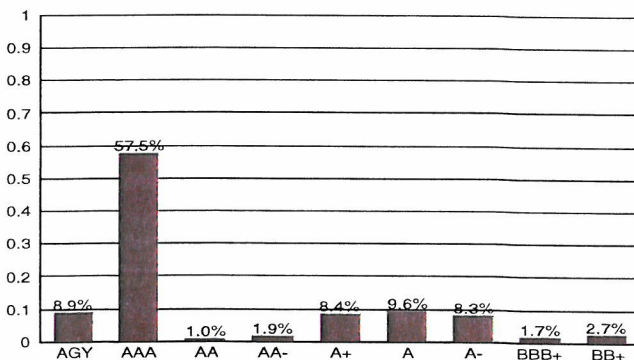
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	10.21%	4.18	31/12/2049
31398AST0	FEDERAL NATIONAL MORTGAGE ASSOC 4.15%	4.45%	4.15	13/1/2012
31398ARC8	FEDERAL NATIONAL MORTGAGE ASSOC 4.12%	4.45%	4.12	6/5/2013
3133XMXZ9	FEDERAL HOME LN BKS CONS BD FLT 12 16	4.37%	0.44	16/11/2012
3128X6XS0	FEDERAL HOME LN MTG CORP 5.55%25/JAN/	4.32%	5.55	25/1/2023
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 C	4.09%	0.46	15/2/2017
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5	3.54%	5.63	1/10/2038
459200GJ4	INTERNATIONAL BUS MACH CORP 5.7% BDS	3.28%	5.70	14/9/2017
58013MEC4	MCDONALD'S CORP 6.3% BDS 15/OCT/2037	1.98%	6.30	15/10/2037
31398AVR0	FEDERAL NATIONAL MORTGAGE ASSOC 3.375	1.95%	3.38	10/3/2014

Quality/Rating Weightings

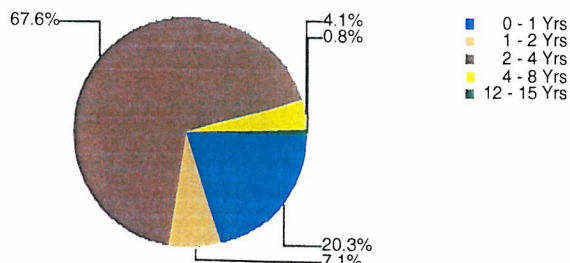
Sector Weightings (as % of Market Value)



Portfolio Characteristics

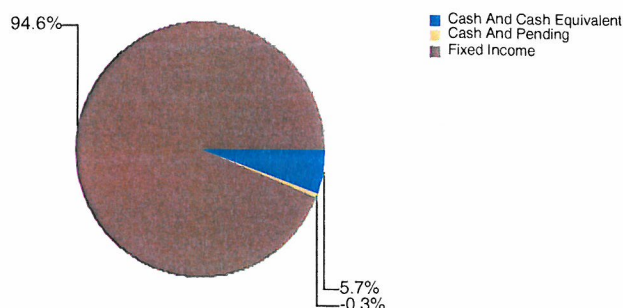
Total Net Assets (Millions) 12.2
Weighted Average Life (Years) 2.67
Weighted Avg. Effective Duration (Years) 2.44

Weighted Average Rating AA+
Number of Holdings 25



Asset Mix

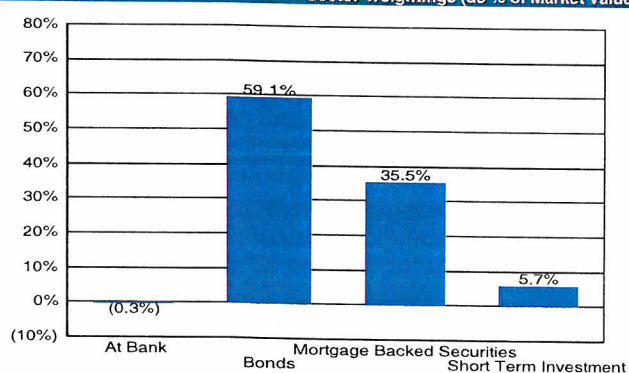
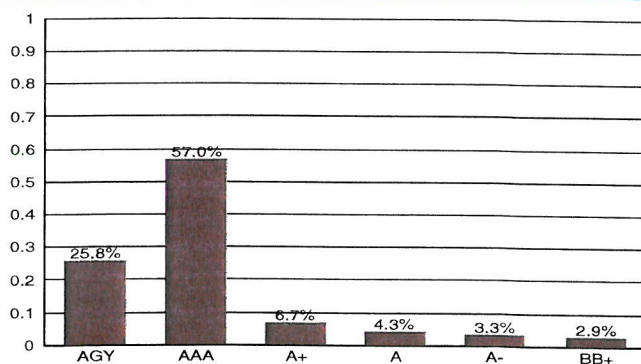
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31294KT81	FEDERAL HOME LN MTG CORP GOLD POOL #	17.53%	4.50	1/9/2018
36241KJ22	GNMA I MORTPASS 4.5% 15/FEB/2021 JP P	8.24%	4.50	15/2/2021
31396WBV7	2007-56 EP 0.000% 25/JUN/2037	6.46%	5.50	25/6/2037
928989383	JP MORGAN U S GOVT AGENCY SHARES	5.70%	4.18	31/12/2049
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2	4.87%	6.95	15/3/2014
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/20	4.26%	7.12	15/11/2012
3128X7U36	FEDERAL HOME LOAN MORTGAGE CORP 3.75%	4.22%	3.75	30/7/2010
31398AST0	FEDERAL NATIONAL MORTGAGE ASSOC 4.15%	4.17%	4.15	13/1/2012
31398ARC8	FEDERAL NATIONAL MORTGAGE ASSOC 4.12%	4.17%	4.12	6/5/2013
3133XNH85	FEDERAL HOME LN BKS 5.25% 18/DEC/2017	4.15%	5.25	18/12/2017

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



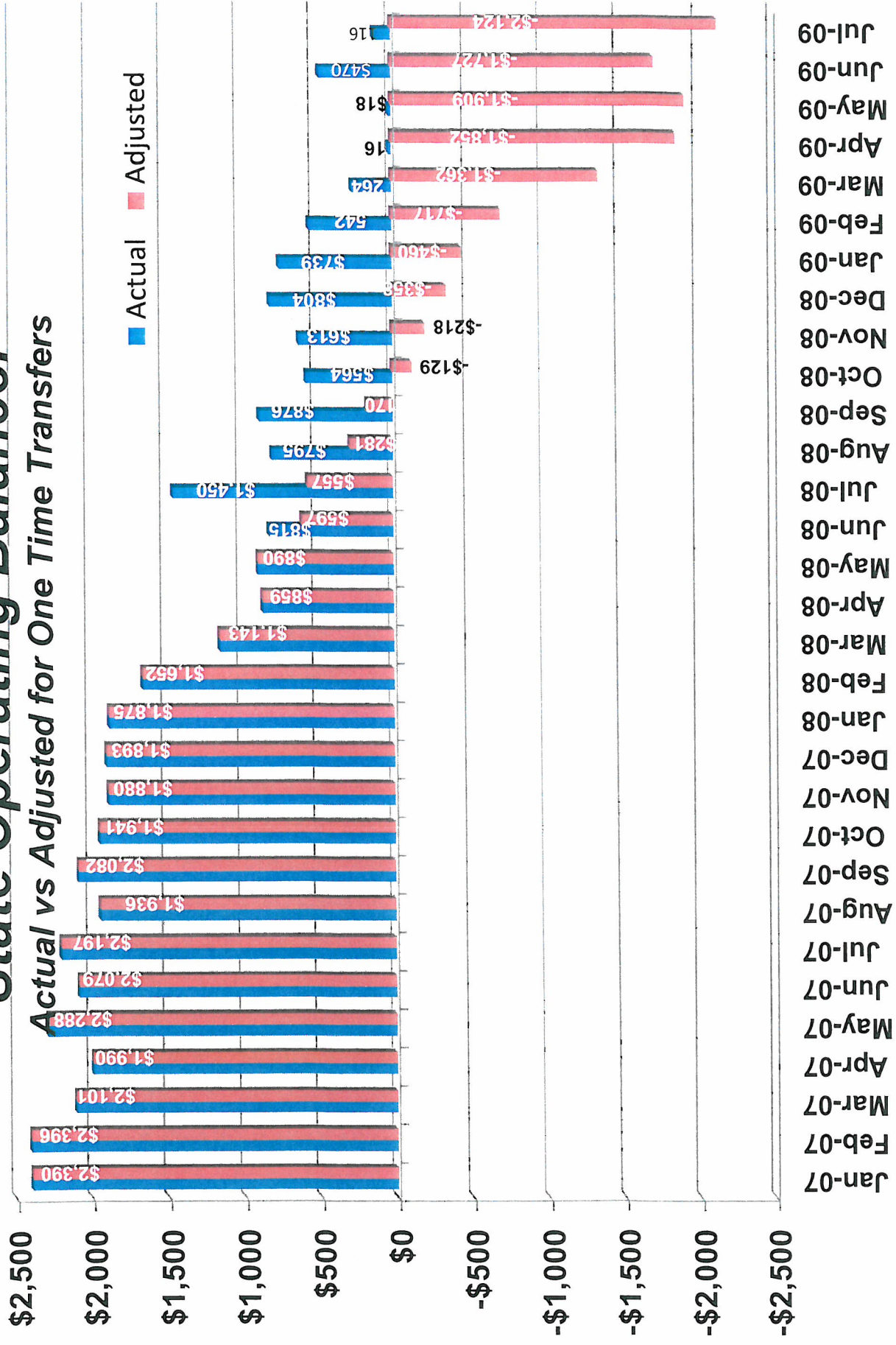
OPERATING MONIES
AVERAGE INVESTED BALANCE
Through July 31, 2009
(in millions of dollars)

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<u>Month</u>	<u>Fiscal Year 2007/2008</u>	<u>Fiscal Year 2008/2009</u>	<u>Fiscal Year 2009/2010</u>
JULY	2,197	1,450	116
AUGUST	1,936	795	
SEPTEMBER	2,082	876	
OCTOBER	1,941	564	
NOVEMBER	1,880	613	
DECEMBER	1,893	804	
JANUARY	1,875	739	
FEBRUARY	1,652	542	
MARCH	1,143	264	
APRIL	859	16	
MAY	890	18	
JUNE	815	470	
Y-T-D			
Average	\$1,597	\$596	\$116

State Operating Balance:

Actual vs Adjusted for One Time Transfers



**ENDOWMENT FUNDS
PORTFOLIO YIELD ANALYSIS**
July 31, 2009

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FUND	DESCRIPTION	NET EARNINGS	NET YIELD
<hr/>			
205	ENDOWMENTS - FIXED INCOME	2,037,439	2.6700%
	TOTAL ENDOWMENTS - FIXED INCOME	<hr/> 2,037,439	

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Jul-09 NET GAIN(LOSS)	FISCAL YTD GAINS(LOSSES)
-----	-----	-----
Fixed Income Pool Net Gain (Loss)	(2,466,339)	(2,466,339)
Equity Pool (500) Net Gain (Loss)	(682,211)	(682,211)
Equity Pool (400) Net Gain (Loss)	(585,562)	(585,562)
	-----	-----
Totals	(3,734,112)	(3,734,112)
	=====	=====

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
Month of July 2009

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I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
FMAC MBS	3.75	2/15/2018	2.42	\$5,037,952	\$5,167,050	3.41	Aaa/AAA
FNMA MBS	5.56	8/27/2012	3.13	\$5,000,000	\$5,207,813	4.11	Aaa/AAA
FMAC MBS	4.50	4/15/2019	2.67	\$9,541,613	\$9,715,117	2.87	Aaa/AAA
U S TREASURY NOTE	4.88	7/31/2011	N/A	\$5,000,000	\$5,389,063	1.06	Aaa/AAA
U S TREASURY NOTE	4.50	9/30/2011	N/A	\$5,000,000	\$5,370,703	1.13	Aaa/AAA
ORACLE CORP	3.75	7/8/2014	N/A	\$7,000,000	\$7,000,000	3.75	A2/A
TOTAL ENDOWMENT FUNDS PURCHASES				\$36,579,565	\$37,849,745		

II. Endowment Funds Sales

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&P RATING</u>
CIT GROUP INC	7.75	4/2/2012	\$5,000,000	\$2,875,000	(\$2,403,127)	Baa3/BB+
TOTAL ENDOWMENT FUNDS SALES			\$5,000,000	\$2,875,000	(\$2,403,127)	

*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

**EQUITY FUNDS
PURCHASES & SALES**
Month of July 2009

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	0	\$0	\$0
S&P 500 Large-Cap Fund	134,345	\$2,400,873	\$2,014
TOTAL EQUITY PURCHASES	134,345	\$2,400,873	\$2,014

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	495,058	\$6,648,482	\$7,426
S&P 500 Large-Cap Fund	32,352	\$32,383	\$485
TOTAL EQUITY SALES	527,410	\$6,680,865	\$7,910

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
JULY 31, 2009
(In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101 A & M Colleges					
<i>Shares in S&P 500 Index Fund</i>	2,508	2,276	2,132	(144)	
<i>Shares in Fixed Income Fund</i>	2,712	3,031	4,201	1,170	
<i>Shares in Mid-Cap 400 Equity Fund</i>	812	780	1,084	304	
Total	6,033	6,087	7,417	1,330	1.219
102 State Hospital					
<i>Shares in S&P 500 Index Fund</i>	1,569	1,345	1,333	(12)	
<i>Shares in Fixed Income Fund</i>	1,555	1,795	2,409	614	
<i>Shares in Mid-Cap 400 Equity Fund</i>	443	460	592	132	
Total	3,568	3,601	4,335	734	1.204
103 Leg., Exec., & Jud.					
<i>Shares in S&P 500 Index Fund</i>	1,957	1,913	1,663	(250)	
<i>Shares in Fixed Income Fund</i>	2,293	2,548	3,551	1,003	
<i>Shares in Mid-Cap 400 Equity Fund</i>	630	656	842	186	
Total	4,880	5,117	6,056	939	1.184
104 Military Institute					
<i>Shares in S&P 500 Index Fund</i>	133	132	113	(19)	
<i>Shares in Fixed Income Fund</i>	163	175	252	77	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	62	16	
Total	342	352	427	75	1.212
105 Miners Hospital					
<i>Shares in S&P 500 Index Fund</i>	3,809	3,710	3,237	(473)	
<i>Shares in Fixed Income Fund</i>	3,884	4,943	6,016	1,073	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,065	1,271	1,422	150	
Total	8,758	9,925	10,675	750	1.076

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

JULY 31, 2009

(In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
107 Normal School ASU/NAU					
<i>Shares in S&P 500 Index Fund</i>	880	827	747	(79)	
<i>Shares in Fixed Income Fund</i>	947	1,101	1,467	366	
<i>Shares in Mid-Cap 400 Equity Fund</i>	266	283	355	72	
Total	2,092	2,211	2,569	359	1.162
108 Penitentiaries					
<i>Shares in S&P 500 Index Fund</i>	3,219	2,907	2,736	(171)	
<i>Shares in Fixed Income Fund</i>	3,213	3,872	4,977	1,105	
<i>Shares in Mid-Cap 400 Equity Fund</i>	933	996	1,246	250	
Total	7,366	7,775	8,959	1,184	1.152
109 Permanent Common School					
<i>Shares in S&P 500 Index Fund</i>	815,588	785,081	693,120	(91,961)	
<i>Shares in Fixed Income Fund</i>	833,745	1,045,577	1,291,463	245,886	
<i>Shares in Mid-Cap 400 Equity Fund</i>	227,432	268,727	303,718	34,990	
Total	1,876,765	2,099,385	2,288,300	188,915	1.090
110 School for Deaf & Blind					
<i>Shares in S&P 500 Index Fund</i>	1,147	1,082	975	(107)	
<i>Shares in Fixed Income Fund</i>	1,333	1,441	2,064	623	
<i>Shares in Mid-Cap 400 Equity Fund</i>	372	371	497	126	
Total	2,852	2,894	3,536	641	1.222
111 School of Mines					
<i>Shares in S&P 500 Index Fund</i>	2,871	2,787	2,440	(347)	
<i>Shares in Fixed Income Fund</i>	3,138	3,712	4,861	1,148	
<i>Shares in Mid-Cap 400 Equity Fund</i>	875	955	1,168	213	
Total	6,884	7,454	8,469	1,014	1.136

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

JULY 31, 2009

(In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112 State Charitable					
<i>Shares in S&P 500 Index Fund</i>	29,874	27,818	25,388	(2,430)	
<i>Shares in Fixed Income Fund</i>	29,012	37,047	44,940	7,893	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,842	9,524	10,473	949	
Total	66,729	74,388	80,801	6,412	1.086
113 University Fund					
<i>Shares in S&P 500 Index Fund</i>	4,780	4,576	4,062	(513)	
<i>Shares in Fixed Income Fund</i>	5,183	6,095	8,028	1,933	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,432	1,568	1,912	344	
Total	11,395	12,239	14,003	1,764	1.144
114 U Of A Land - 1881					
<i>Shares in S&P 500 Index Fund</i>	10,099	9,654	8,583	(1,071)	
<i>Shares in Fixed Income Fund</i>	11,108	12,859	17,206	4,347	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,080	3,308	4,114	805	
Total	24,287	25,821	29,902	4,081	1.158
TOTALS - ALL FUNDS					
<i>Shares in S&P 500 Index Fund</i>	878,433	844,108	746,529	(97,579)	
<i>Shares in Fixed Income Fund</i>	898,286	1,124,196	1,391,436	267,239	
<i>Shares in Mid-Cap 400 Equity Fund</i>	245,229	288,946	327,485	38,539	
Grand Total	2,021,949	2,257,250	2,465,450	208,199	

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&P 500 Index Fund</i>	43.44%	37.40%	30.28%
<i>Shares in Fixed Income Fund</i>	44.43%	49.80%	56.44%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.13%	12.80%	13.28%
Total	100.00%	100.00%	100.00%

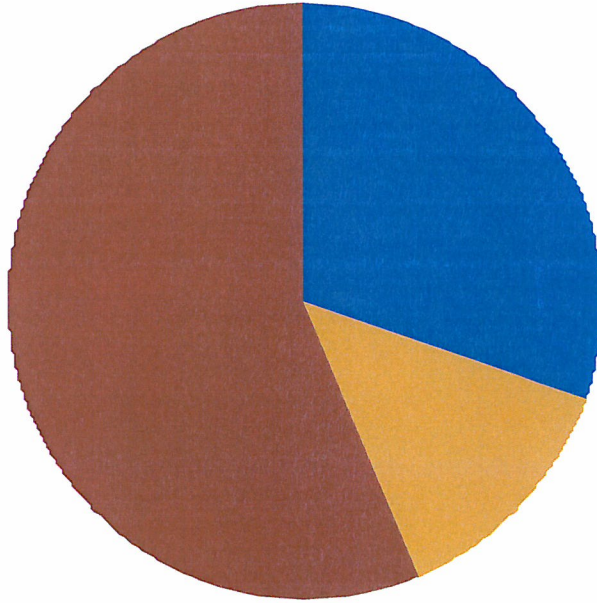
Performance Worksheet
Arizona State Treasury (05509)
As At July 2009
Gross of Fee

Total Endowment Fund Composite (005509002)											
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception
10327800	S&P 500	692,801,413.58	746,528,997.91	996,440	7.61	13.86	11.08	(19.73)	(6.30)	(0.26)	
10327900	S&P 400	304,137,951.08	327,484,841.75	-404,089	7.81	10.68	14.02	(23.67)	(4.20)	3.00	
10328000	Fixed Income	1,368,018,250.92	1,391,435,709.71	9,139,248	0.99	3.03	3.92	8.10	6.69	5.15	
00550902	Total Endowment Fund Composite	2,364,957,615.58	2,465,449,549.37	9,731,598	3.82						3.82

Manager Allocation - Monthly
 Arizona State Treasury (05509)
 As at July 2009

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Fixed Income (10328000)	1,391.44	56.4%
S&P 400 (10327900)	327.48	13.3%
S&P 500 (10327800)	746.53	30.3%
TOTAL	2,465.45	100.0%

■ S&P 500 (10327800)
■ S&P 400 (10327900)
■ Fixed Income (10328000)



S&P 500 (10327800)

Portfolio Fact Sheet
July 2009

Portfolio Characteristics

Total Asset Value (in Millions)	746.5
P/E Ratio	17.74
Price to Book Ratio	3.37
Dividend Yield (%)	2.08
Return on Equity (%)	21.18
Sales Growth (%)	14.19
Market Capitalization (\$ Billions)	71,445.82
Earnings per Share (\$)	2.18
Number of Holdings	501

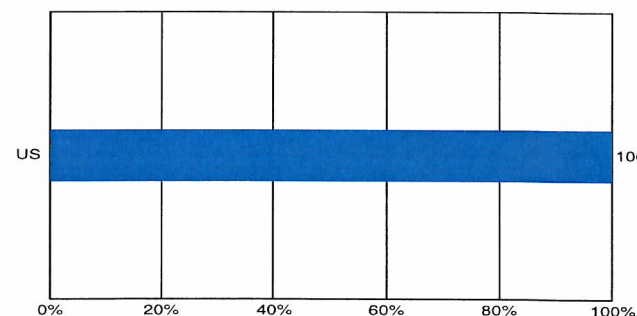
Risk Measures

	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Tracking Error	0.27	0.50	0.45	-
Information Ratio	0.86	(0.28)	(0.29)	-
Std Deviation of Port.	30.00	19.37	15.65	-
Std Deviation of Bench.	30.11	19.54	15.80	15.80
Sharpe Ratio of Port.	(0.68)	(0.49)	(0.22)	-
Sharpe Ratio of Bench.	(0.69)	(0.47)	(0.21)	0.29
R-Squared	1.00	1.00	1.00	-
Jensen's Alpha	0.15	(0.22)	(0.16)	-

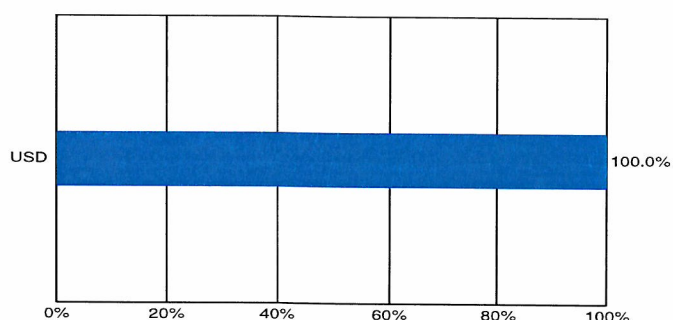
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets
78462F103	SPDR TRUST UNITS SER 1 NPV	4.15%
30231G102	EXXON MOBIL CORP COM NPV	3.80%
594918104	MICROSOFT CORP COM USD0.0000125	1.99%
478160104	JOHNSON & JOHNSON COM STK USD1	1.85%
742718109	PROCTER & GAMBLE CO COM STK NPV	1.80%
00206R102	AT&T INC COM STK USD1	1.74%
459200101	INTERNATIONAL BUS MACH CORP COM STK U	1.72%
46625H100	JPMORGAN CHASE & CO COM STK USD1	1.67%
037833100	APPLE INC COM STK NPV	1.61%
369604103	GENERAL ELECTRIC CO. COM STK USD0.06	1.57%

Top Ten Country Weights

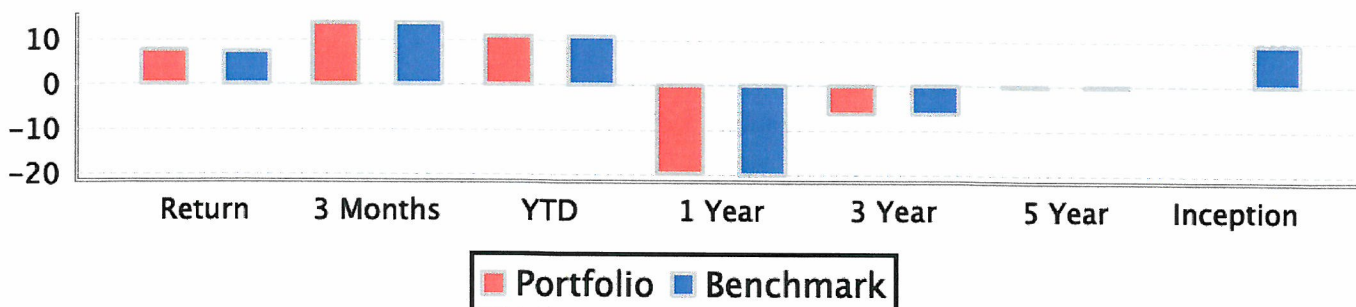


Top Ten Currency Weights

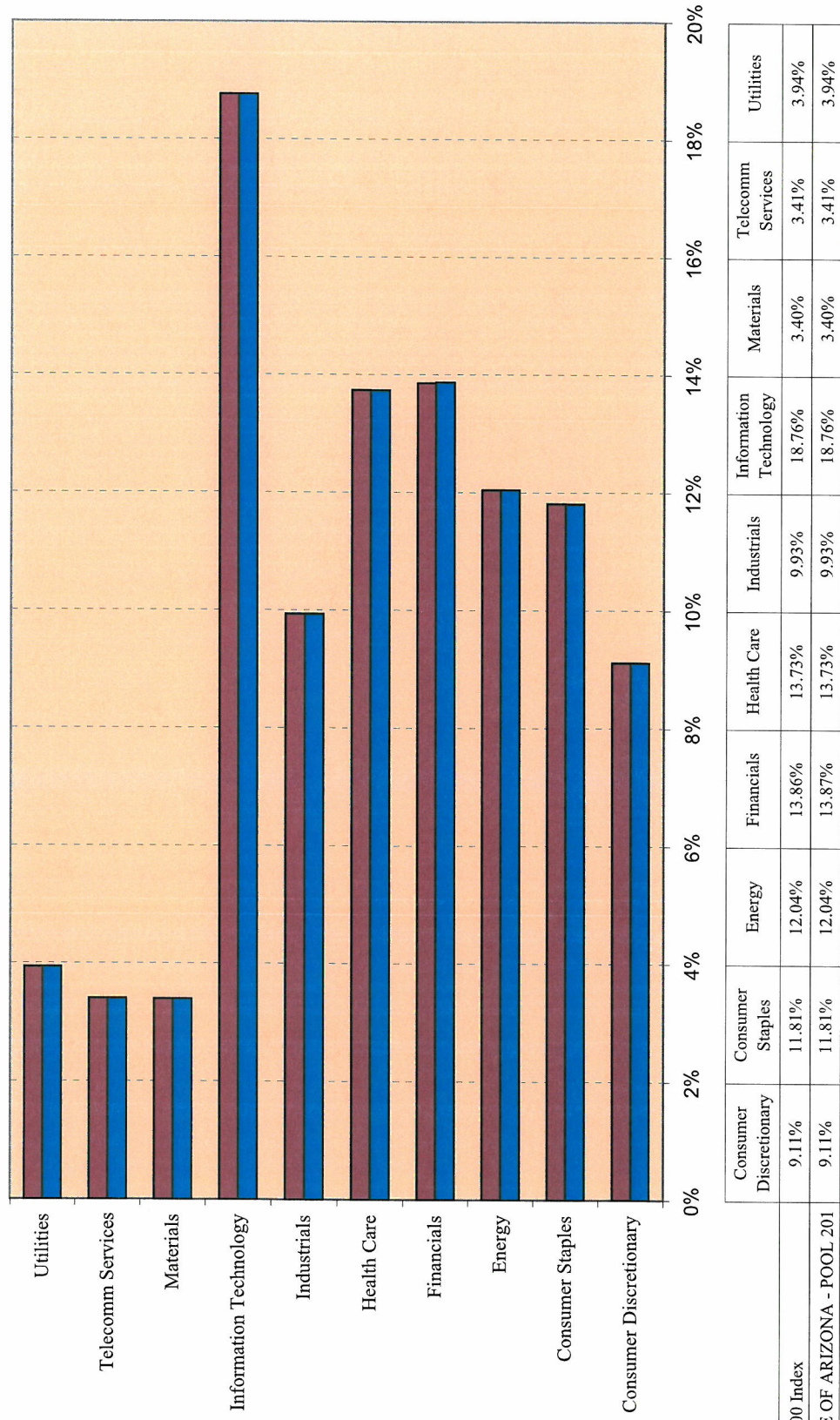


Returns Series

	Current Month	Trailing 3	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Portfolio	7.61	13.86	11.08	(19.73)	(6.30)	(0.26)	
Benchmark	7.56	13.81	10.97	(19.96)	(6.16)	(0.14)	9.30
Excess	0.05	0.05	0.11	0.23	(0.14)	(0.13)	



STATE OF ARIZONA
POOL 201 (S&P 500)
As of July 31, 2009



■ STATE OF ARIZONA - POOL 201 ■ S&P 500 Index

Portfolio Characteristics

Total Asset Value (in Millions)	327.5
P/E Ratio	11.89
Price to Book Ratio	2.07
Dividend Yield (%)	1.01
Return on Equity (%)	9.28
Sales Growth (%)	10.65
Market Capitalization (\$ Billions)	2,030.65
Earnings per Share (\$)	0.67
Number of Holdings	193

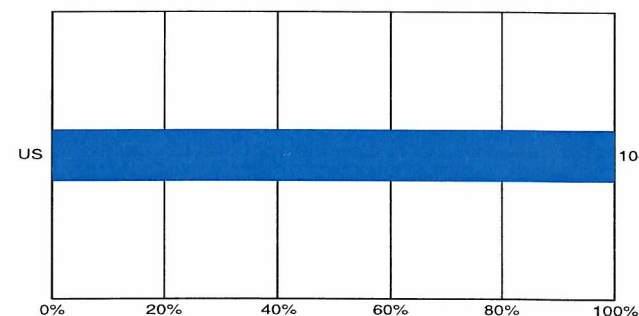
Risk Measures

	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Tracking Error	3.65	2.65	2.21	-
Information Ratio	(0.94)	(0.08)	(0.02)	-
Std Deviation of Port.	33.93	21.97	18.30	-
Std Deviation of Bench.	36.36	23.12	19.24	17.70
Sharpe Ratio of Port.	(0.72)	(0.33)	(0.01)	-
Sharpe Ratio of Bench.	(0.58)	(0.31)	(0.01)	0.41
R-Squared	0.99	0.99	0.99	-
Jensen's Alpha	(4.86)	(0.59)	(0.05)	-

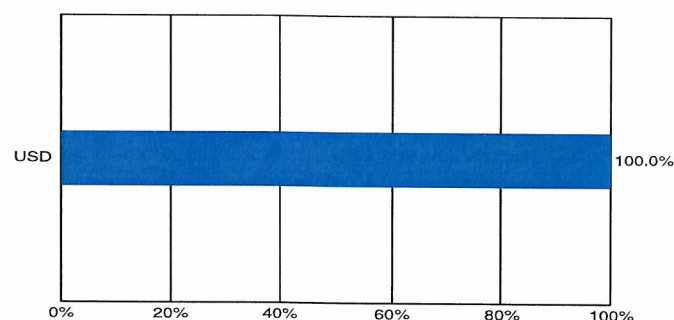
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets
595635103	MIDCAP SPDR TRUST UNIT SERIES 1	34.72%
92532F100	VERTEX PHARMACEUTICAL COM STK USD0.01	0.77%
778296103	ROSS STORES INC COM STK USD0.01	0.69%
741503403	PRICELINE.COM INC COM STK USD0.008	0.67%
651290108	NEWFIELD EXPLORATION CO COM STK USD0.	0.64%
G3223R108	EVEREST RE GROUP COM STK USD0.01	0.61%
806407102	HENRY SCHEIN INC COM STK NPV	0.57%
29266R108	ENERGIZER HLDGS INC COM STK USD0.01	0.55%
156782104	CERNER CORP COM STK USD0.01	0.54%
00751Y106	ADVANCE AUTO PARTS INC COM STK USD0.0	0.54%

Top Ten Country Weights

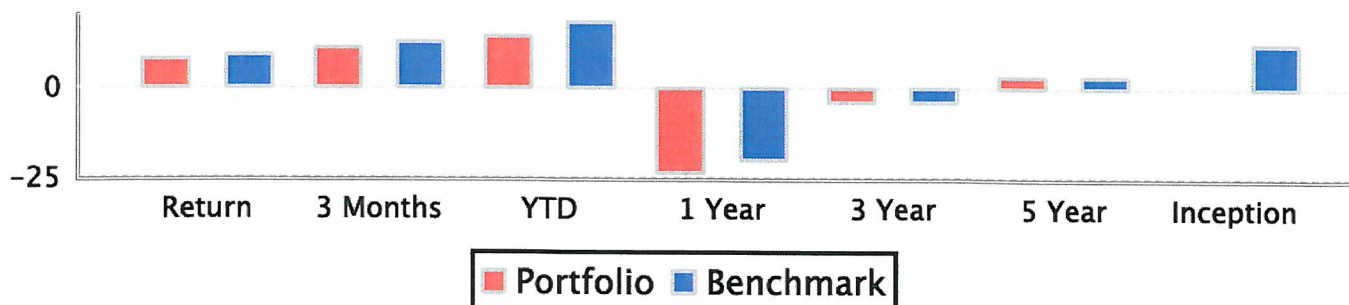


Top Ten Currency Weights

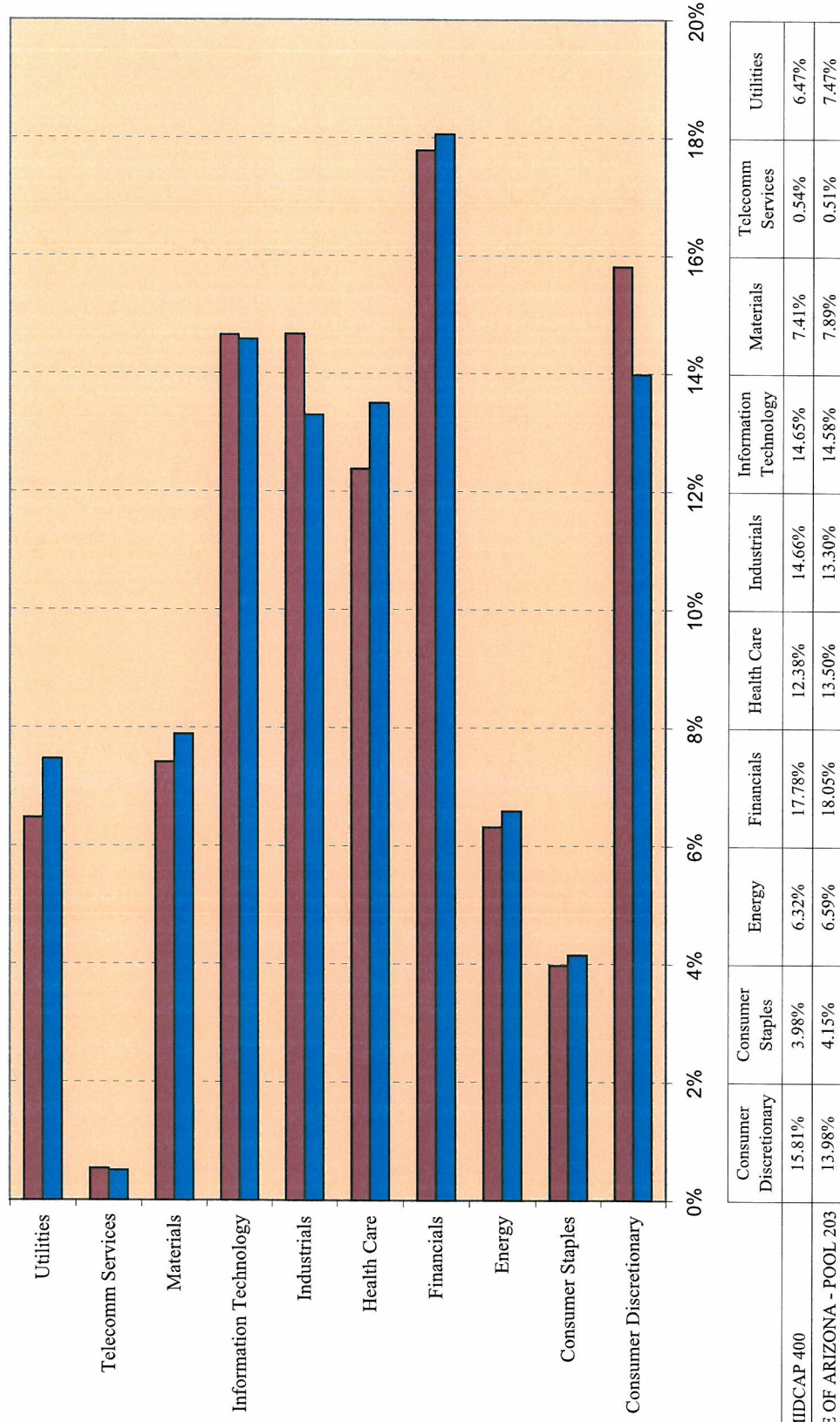


Returns Series

	Current Month	Trailing 3	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Portfolio	7.81	10.68	14.02	(23.67)	(4.20)	3.00	
Benchmark	8.74	12.41	17.95	(20.25)	(4.00)	3.05	12.03
Excess	(0.93)	(1.73)	(3.93)	(3.41)	(0.20)	(0.04)	



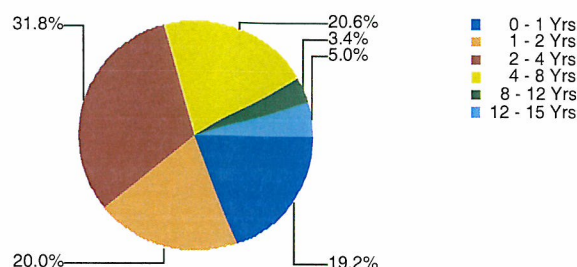
STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of July 31, 2009



■ STATE OF ARIZONA - POOL 203 ■ S&P MIDCAP 400

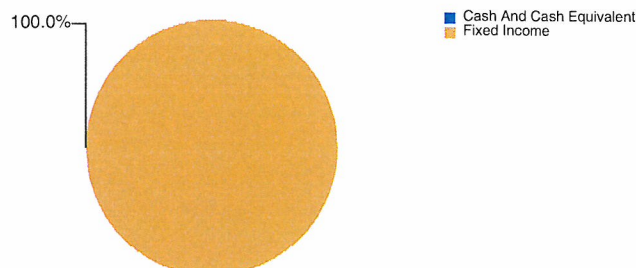
Portfolio Characteristics

Total Net Assets (Millions)	1,391.4
Weighted Average Life (Years)	2.14
Weighted Avg. Effective Duration (Years)	3.52
Weighted Average Coupon (%)	4.61
Weighted Average Current Yield (%)	1.78
Weighted Average Yield to Maturity (%)	2.36
Weighted Average Rating	AA
Number of Holdings	204



Asset Mix

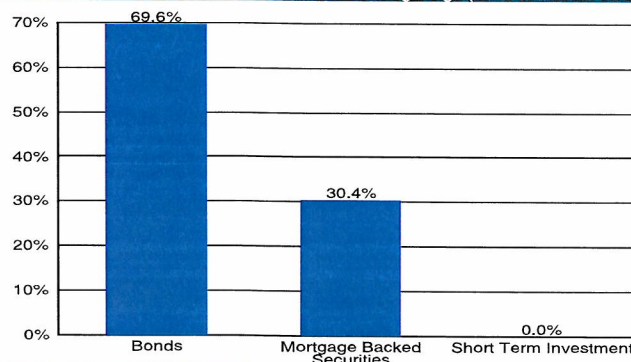
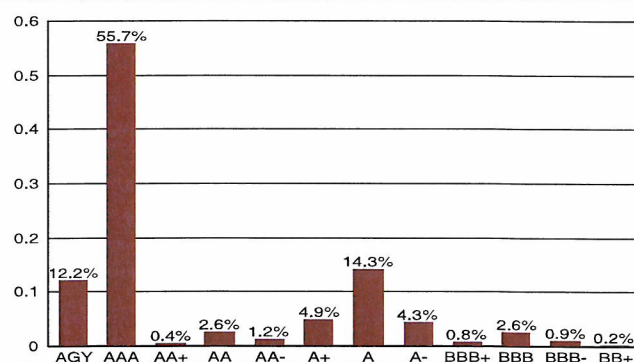
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	8.89%	0.00	31/12/2049
31359MOV8	FANNIE MAE BOND 4.75%	1.58%	4.75	21/2/2013
724479AG5	PITNEY BOWES, INC.	1.52%	5.00	15/3/2015
9128275N8	USA TREASURY NTS 6.00% NTS 15/AUG/200	1.48%	6.00	15/8/2009
912828FK1	UNITED STATES OF AMER TREAS NOTES 5.1	1.16%	5.12	30/6/2011
931142BV4	WAL MART STORES 931142BV4 4.125% 15/F	1.14%	4.12	15/2/2011
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS	1.13%	5.25	15/4/2013
31395LZM6	FREDDIE MAC 2936 PB 5.000% 15/FEB/202	0.93%	5.00	15/2/2028
31396VAS7	2007-B1 VA 0.000% 25/APR/2017	0.88%	5.50	25/4/2017
31406FBL4	FNMA MORTPASS 5.5% 01/SEP/2034 CL PN#	0.83%	5.50	1/9/2034

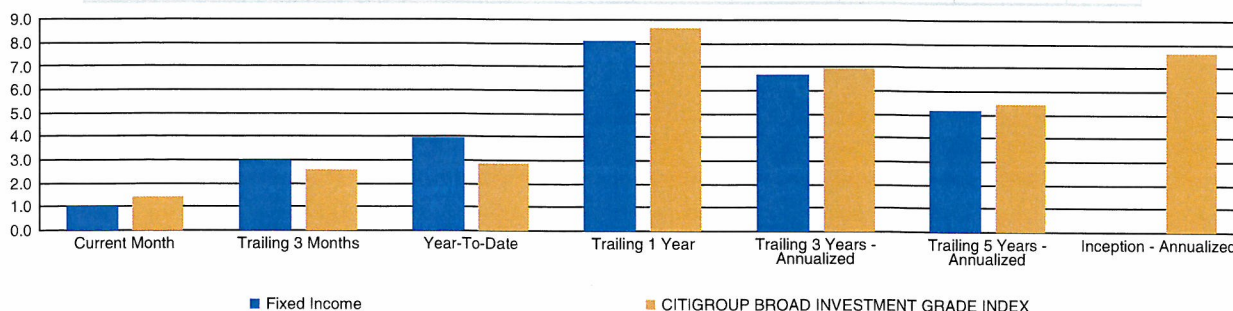
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Fixed Income	0.99	3.03	3.92	8.10	6.69	5.15	
CITIGROUP BROAD INVESTMENT GRADE INDEX	1.39	2.57	2.87	8.65	6.98	5.46	7.63
Excess	(0.40)	0.46	1.05	(0.54)	(0.29)	(0.31)	

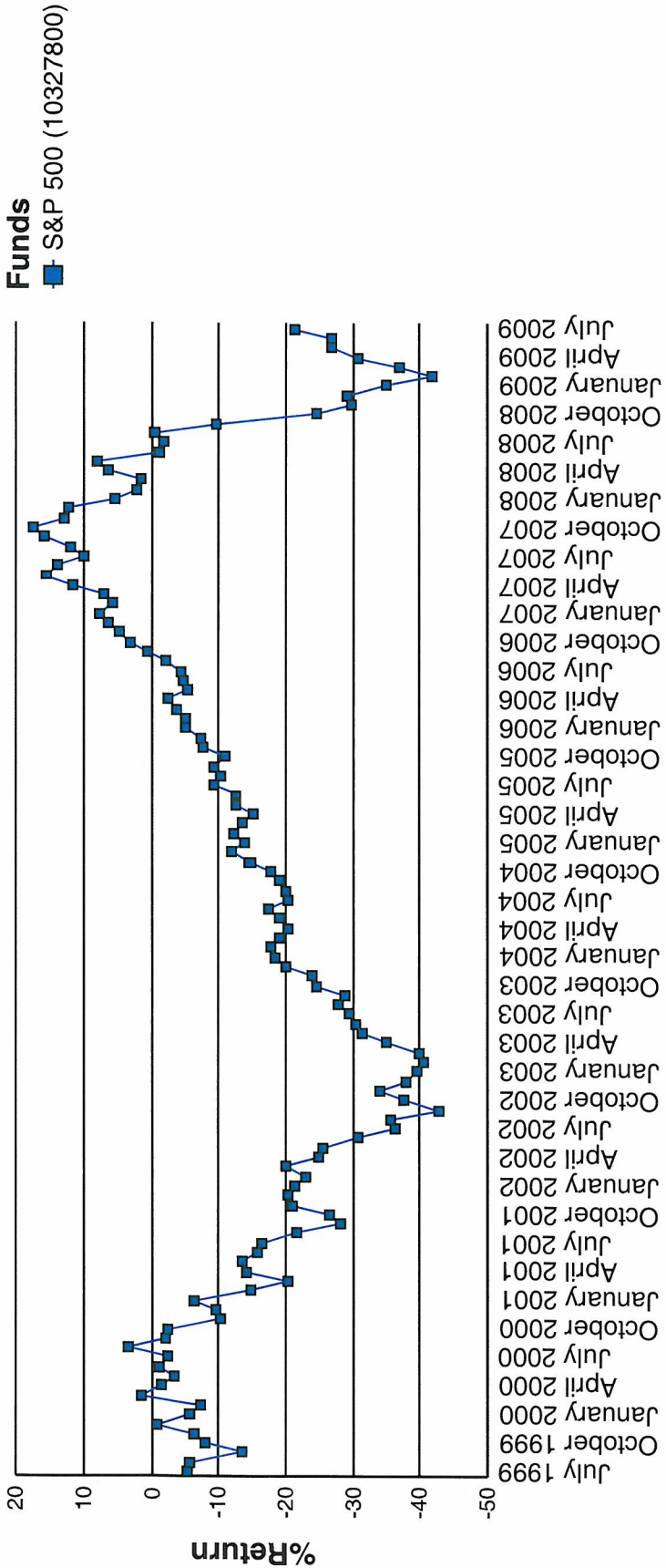


Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to July 2009

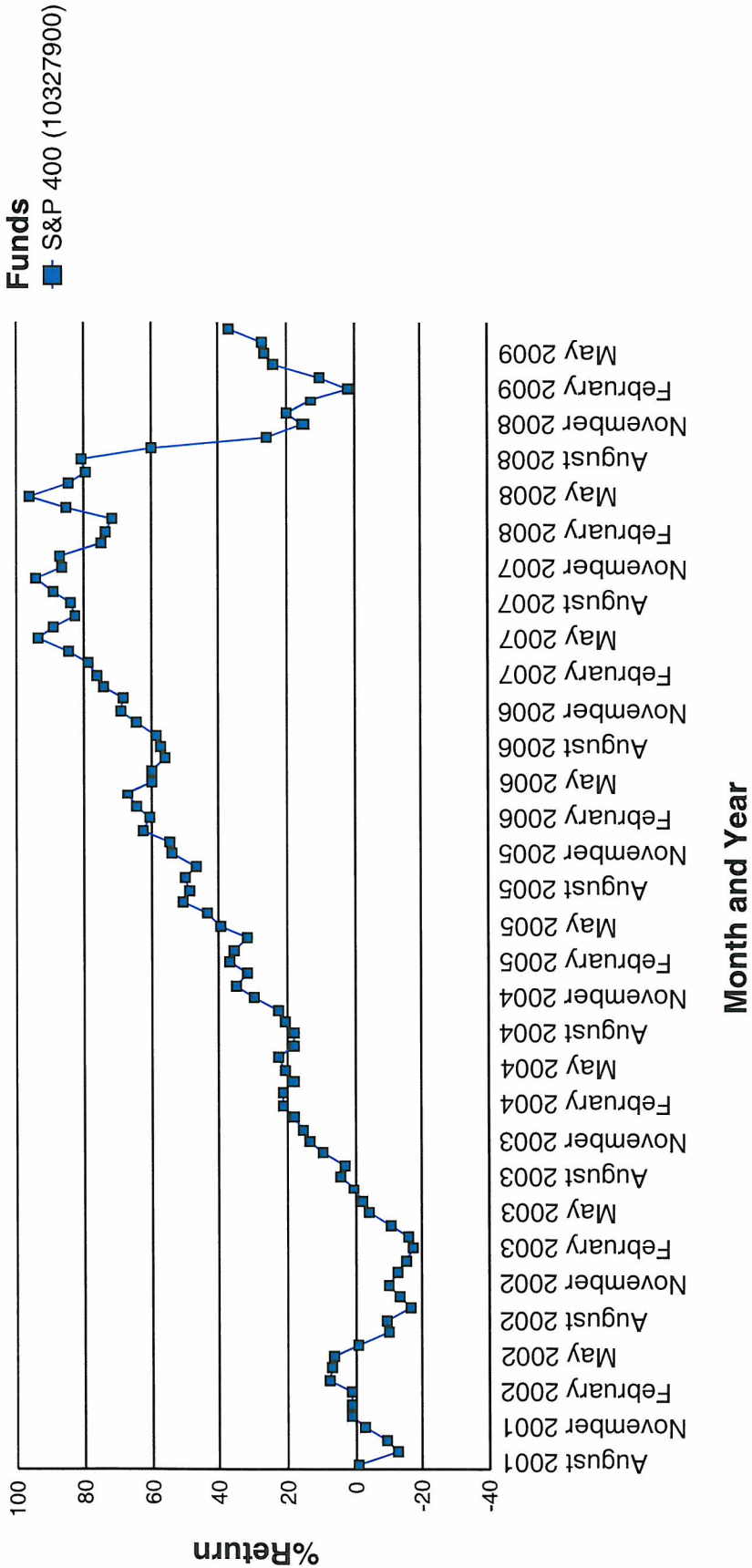
Gross of Fee



Month and Year

Performance Growth by Account

Arizona State Treasury (05509)
From August 2001 to July 2009
Gross of Fee



Performance Growth by Account
Arizona State Treasury (05509)
From July 1999 to July 2009
Gross of Fee

